

VIA CFTC Portal

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

29 July 2022

LCH Limited Self-Certification: ForexClear Opening Hours

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization (“DCO”) registered with the CFTC is submitting for self-certification proposed clarifications to the ForexClear Opening Hours.

Part I: Explanation and Analysis

LCH operates various Services, including ForexClear and SwapClear. As part of this self-certification, ForexClear wishes to align with SwapClear, to provide for the ability to close for operational or other reasons. To facilitate this alignment, LCH plans to clarify its rules, specifically its Procedures Section 2I and the FCM Procedures (collectively, “Procedures”).

Part II: Description of Rule Changes

LCH will amend Section 1.2.2 (a) *Opening Days* of the Procedures Section 2I, and Section 2.2.4 (b) *Opening Days* of the FCM Procedures to clarify that the ForexClear service will not be open on Good Friday. The rules provide that the ForexClear Service may be open on such day only if it provides a written notice to ForexClear Clearing Members and FCM ForexClear Clearing Members. In such an event, Good Friday would be treated as a business day.

In addition, under Section 1.2.2 (b) *Opening Hours* of the Procedures Section 2I, and Section 2.2.4 (b) *Opening Hours* of the FCM Procedures, LCH will clarify that unless notified otherwise, and in line with *Opening Days* sections in the respective Procedures, the ForexClear Service will remain open between 20:00 London time Sunday night and 01:00 London time Saturday morning. The wording in the Procedures Section 2I is clarified to provide that the opening hours relate to ‘London time’.

The changes to the rules are included in **Appendices I and II** in black line form. The changes will be effective no earlier than August 16, 2022. No changes are required to the LCH Rulebook.

Part III: Core Principle Compliance

LCH has reviewed the Proposed Rule Changes against the requirements of the DCO Core Principles, specifically Core Principle L on Public Information, and finds that it will continue to comply with all the requirements and standards therein. LCH believes continuing to include its revised business hours in its Procedures 2I and FCM Procedures maintains its compliance with Core Principle L. The changes provided for in this submission will be included in LCH’s publicly available Procedures 2I and FCM Procedures.

An LSEG Business

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LCH Group Holdings Limited | LCH Limited | Banque Centrale de Compensation | LCH.Clearnet LLC

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Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at aleksandra.wojcik@lseg.com.

Yours sincerely,



Compliance Officer
LCH Limited

Appendix I
Procedures Section 21
Changed Pages



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PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

1.2 Service Scope

1.2.1 Eligibility: ForexClear Transactions may be submitted for clearing through the ForexClear Service. To be eligible to be registered as a ForexClear Contract, a trade must meet the applicable ForexClear Eligibility Criteria (as set out in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time).

1.2.2 Service Operating Hours

(a) *Opening Days*: The ForexClear Service will be open each day, except weekends, Christmas Day ~~and~~ New Year's Day and Good Friday¹.

(b) *Opening Hours*: Unless notified otherwise, and subject to Section 1.2.2(a), ~~t~~The ForexClear Service will be open between 20:00 ~~local~~ (London time) Sunday night and 01:00 ~~local~~ (London time) Saturday morning ("**Opening Hours**"). The ForexClear Service will not accept ForexClear Transactions outside of these hours.

The Clearing House will notify FXCCMs if the ForexClear Service is scheduled for closure for operational or other reasons.

1.2.3 Accounts

(a) *Proprietary Accounts and Client Accounts*

(i) Proprietary Accounts

An FXCCM may request that the Clearing House opens one or more Proprietary Accounts in respect of its House Clearing Business. Each Proprietary Account will map to two or more sub-accounts:

- (A) one or more position accounts; and
- (B) one or more collateral accounts.

(ii) Client Accounts

(A) Types of Client Account

Subject to Regulation 11 (*Client Clearing Business*) and Section 1.12 (~~ForexClear Client Clearing~~ ~~ForexClear Client Clearing~~) below, an FXCCM may request that the Clearing House opens, in respect of its Client Clearing Business, one or more:

¹ While the ForexClear Service is generally closed on Good Friday, the Clearing House may, by prior written notice to FXCCMs, open the ForexClear Service on such day, in which case it will be a business day.

Appendix II
FCM Procedures
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FCM PROCEDURES OF THE CLEARING HOUSE

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2.2.2 *Users of FCM ForexClear Service*

The FCM ForexClear Service is an interface that processes and stores all FCM ForexClear Transactions. FCM Clearing Members approved by the Clearing House to clear in the FCM ForexClear Service (“**FX FCMs**”), FCM Clients of FX FCMs and, in respect of hedging FCM ForexClear Transactions executed for the purpose of Risk Neutralisation, the Clearing House are known as ForexClear Participants (“**FXPs**”). For membership procedures, please see Section 1 of the FCM Procedures.

For identification purposes each FX FCM is assigned a unique three-character mnemonic for purposes of the FCM ForexClear Service.

2.2.3 *Termination of FX FCM Status*

FCM Clearing Members should contact the Clearing House Onboarding Department (+44 (0)207 426 7891/7627/7063; onboarding@lch.com) for details of how to resign from the FCM ForexClear Service.

2.2.4 *Service Scope*

(a) *Eligibility*

FCM ForexClear Transactions may be presented for clearing through the FCM ForexClear ~~s~~Service. To be eligible to be registered as a ForexClear Contract, an FCM ForexClear Transaction must meet the FCM ForexClear Product Eligibility Criteria.

(b) *Service Operating Hours*

Opening Days:

The FCM ForexClear ~~s~~Service will be open each day, except weekends, Christmas Day ~~and~~ New Year's Day ~~and Good Friday~~⁴.

Opening Hours:

Unless notified otherwise, and subject to the sentence above under this Section 2.2.4(b), ~~t~~The FCM ForexClear ~~s~~Service will be open between 20:00 ~~hours, (London time),~~ Sunday night and 01:00 ~~hours, (London time),~~ Saturday morning (“**Opening Hours**”). ~~The FCM ForexClear s~~Service will not accept FCM ForexClear Transactions outside of these hours.

⁴ While the FCM ForexClear service generally closed on Good Friday, the Clearing House may, by prior written notice to FCM ForexClear Clearing Members, open the FCM ForexClear service on such day, in which case it will be a Business Day.

The Clearing House will notify FCM ForexClear Clearing Members if the FCM ForexClear service is scheduled for closure for operational or other reasons.

2.2.5 *Position Accounts*

(a) *FCM Accounts*

For identification purposes, each FCM Clearing Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM ForexClear Transactions and FCM ForexClear Contracts. An FCM Clearing Member's position and financial information are further identified by position-keeping accounts corresponding to a single character code: C for client business and H for house business.

(b) *Position-Keeping Accounts*

FCM Clearing Member Accounts:

The account types are: H for house business (Proprietary Account); and C for segregated client business (FCM Omnibus ForexClear Client Account with LCH). An FCM Clearing Member's FCM ForexClear Contract positions are also recorded within the FCM ForexClear Clearing System in ForexClear accounts.

All registered FCM ForexClear Contracts will be identifiable to FCM Clearing Members via ForexClear Reporting (see Section [2.2.24](#)). All registered FCM ForexClear Contracts will be maintained only in ForexClear accounts (identified as such by a unique three letter mnemonic) and separate from all accounts containing FCM Contracts attributable to other Business Categories of FCM Contracts (**provided that** FCM Contracts attributable to any Business Categories of FCM Contracts and related Collateral may be physically commingled in the same depository accounts, subject to the requirements of the Rulebook to properly segregate all FCM Client assets). Each FCM ForexClear Contract will also be assigned a unique trade identifier. The FCM Clearing Member Reporting functionality also allows each FCM Clearing Member to identify all FCM ForexClear Contracts registered in its name.

Sub-accounts within the FX FCM's Proprietary Account may be set up (e.g., for branches). Each such sub-account will carry the unique Bank Identifier Code (“**BIC**”) (or equivalent unique identifier) of the relevant branch.

(c) *Clients*

Where an FX FCM enters into an agreement with an FCM Client in accordance with FCM Regulation 7(a) (*FCM Client Business and Proprietary Account Trading*), the FX FCM must submit an “**FCM**